

EFFECTIVENESS THE FUNDING OF EDUCATION

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Abstract: Education is a productive investment from economic and moral point of view. In many developing countries education is funded and provided mainly by the state, the expansion of education depending on the size of fiscal resources. The funding reform of education, of tuition, represents a component of education reform in general, on one hand, and the reform of financial systems and mechanisms of funding, on the other hand. In this regard, education funding reform implies a coherent and consistent approach to human capital formation needs and to direct financial implications of beneficiaries and users of education, detaching the following aspects: the individual invests in himself, in his education and in his training, he decides if he uses or not the knowledge, the competences and the abilities obtained through education; the individual can not be forced to be educated or trained in a particular way, or forced to use what he learned. Because individuals and their families often don't have money to finance their education or have difficulties in obtaining loans from banks, the educational institutions, of education, are currently funded, mainly, by the state.

Keywords: funded, education, promotion, human capital.

JEL Classification: I22.

Education is a productive economic and moral investment. In many developing countries education is financed and mainly assured by the state, its development depending on the dimension of the fiscal resources. Analyzing the data connected to GNP percent allocated for education between 2006-2013, we can observe that the tendency of the GNP given to education has become a descendent one.

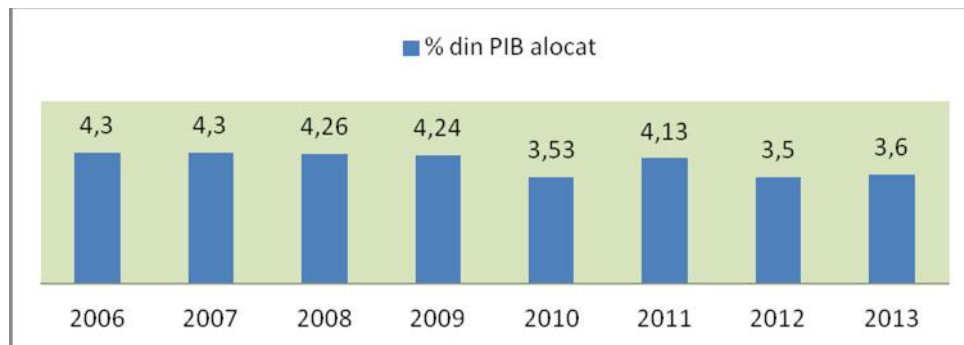


Figure no. 1 The Dynamic of public costs on education

The reform of education financing, represents, in general, a part of reform in education on one hand and the reformation of financial systems and mechanisms on the other.

Consequently, the Reformation of education financing implies a coherent and constant approach according to the needs of forming of the human capital and to the needs of direct financial involvement of the beneficiaries and education consumers, identifying the following defintory aspects:

- The person invests in himself, in his education, he decides if he uses or not the knowledge, competences and the abilities gained through education, or when and how he uses it.

- The person benefits in consequence by his education, but he also supports the costs and assumes the risks of an inadequate investment of time, effort and money for education. Therefore it is considered that the person knows best the knowledge and abilities obtained through education, it is fact that he cannot be forced to be educated or prepared, or to use what he has learned.

Due to the fact that the people and their families have not often got money to support their education or face difficulties in obtaining loans from banks, the education institutions are now financed mainly by the state.

Knowing the importance of education and instruction and the growth of this importance is a globalized economy being on a rapid change, it is considered that people, especially the young ones, are not capable of financing their own education, sometimes being forced to start a professional career because of considerable debts. Consequently, there should not be accepted that people register loss in wealth or personal unfulfillments due to the fact that they cannot capitalize better their capacities, personal gifts, because the others members of society cannot offer qualified services. Also, the society as a whole, will lose if it accepts to happen such a thing, will lose in competitiveness, first, than in social cohesion.

Financing education is affected by the dimension of poverty, by the social inequalities, by the institutional constraints. According to this, there are three actual dimensions of the education financing that can be obtained:

- financing education by the communities
- loans for students to pay for their higher education.
- development of the shadow education system, in fact, of education paid private preparations offered, by the teachers to the students, pupils and to all interested in obtaining a qualification.

Objectives of education financing reform can be as follows :

- the growth of financial resources given to education
- the maximization of efficient distribution of resources
- the promotion on long term of investments in projects and programs in general education

- to ensure public responsibility for the allotted funds allocated

The modality of financing education, requires following criteria such as :

- education financing must be oriented towards the subject, the person, not towards the object, the institution of education

- financing the education must be equal, not to induce financial, cultural, ethnic discrimination, etc.;

- the financing of education must be disconnected by the educational act, in the way the civil society may exercise educational responsibilities better than the state, being able to assure a diverse educational offer. Education cannot increase continually the costs, the financing system having to contribute to their control, imposing on middle term, a greater responsibility in administration and managing the institution funds in education.

In the last years, thus, the economic conditions reduced considerably the governments capacity to finance the expansion in education. In the same time, the financial contributions of the families are limited by the current financial obligations, a consequence being a lower investment in education and impossibility to pay for children or youngsters education. The actual financial arrangements lead, to an inadequate allocation of public expenses for education. In developing countries, the education based on a higher education, on a specialized education is more difficult to be financed by the governments, in spite of the fact that investment in such form of education generates higher income than

investing in other forms of education. We are talking about allocation of the existing governmental resources, due to a powerful lack of specialists on the labor market.

In addition, the resources allocated are not efficiently used, in many developing countries the public expenses are distributed to the institutions of education doesn't encourage their usage efficient. The informal distribution of financing is inadequate and inefficient. Although many countries promotes the freedom of education, and the access to education is free, the talented subjects from poor families can hardly have access to education, because they cannot afford to allocate a part of their income to education.

The level of public expense on education is in Romania amongst the lowest in UE. According to Ministry of Education, between 2006-2008 the budget of education passed the 4% from GNP.

The public expenses on level of education differs from a country to another, because they are influenced by the structural differences among the education systems, including the duration of every level, the total duration of compulsory education and the participation sales to the past-compulsory education. Primary and secondary level of education is free in all the EU countries, while for the tertiary level of education can be perceived taxes.

The direct support for the primary and secondary school students represents less than 5% in more than half of the EU members countries. Bulgaria (16%), Denmark (10%), Germany (8%), register the highest percentages, while in Italy, Austria and Switzerland, less than (1%) from the total public expenses on education dedicated to the direct to the direct support in the public sector at these levels.

The public authorities contribute to cover the expenses from the higher education in all European countries. The sums of money allocated to the higher education institutions often cover only partially the school taxes.

The main two types of taxes in higher education are the administrative and the school ones. The administrative taxes include the admission taxes, examination taxes and graduation taxes. The school taxes have the role to contribute to the covering of the didactic activity expenses and often are higher than those administrative ones.

In Denmark, Greece, Malta, Sweden and Scotland, only the non-EU students have to pay taxes for the degree programs.

In Bulgaria and France, all students pay only an annual administrative taxes, while in Poland, students pay even graduation taxes. In these three countries, students don't pay school taxes.

In higher education, students can benefit from a financial support system that is, in general, sustained by social principles that include equality of educational opportunities for all.

The strategy Europe 2020, the most important strategic documents launched by the European Commission, defines education as one necessary priorities to support the potential of EU economic growth and for the social sustainability of the states. "To support the EU economic growth potential and the sustainability of our social models, the consolidation of the public finances in the context of the Stability Pact, implies the definition some priorities and growth.

The structure and quality of public expenses is, also, important the programmes of budgetary consolidation should offer priority to the post that are generating growth, such as education and competences, research, development and innovation.

The measures made by Romania at international level about the education financing are reflected in the level of The National Education in two important foresights on one hand, education is considered a national priority, and the higher education is considered public responsibility (art. 222), and of the other hand the law provides the

allocation of a percentage of a 6% from the Gross National Product PIB for education. But analyzing the data connected to the GNP percent allocated to education in the last 5 years, we can see that this assuming of 6% for education was not respected.

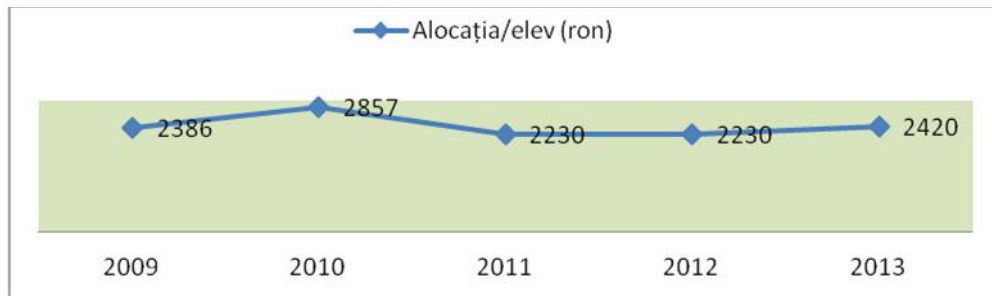


Figure no. 2. The amount of the allowance standard cost / pupil in 2009-2013

The total expenses in education (in million) were in 2009 of 10 057.7 million PPS according to EUROSTAT. Even if this value is two times bigger in comparison to that registered in 2006, these expenses are closer to those reported by the member states with a lower school population such as Finland, Czech Republic.

According to EUROSTAT, in 2009, the expenses/student (pupil) in PPS, for all education levels are 2386 PPS three times less in comparison with the European Media (6 503 PPS). Expert Bulgaria, all the States members EU in the Central and Ester Europe register values of more than 3000 PPS.

The value allocated for the standard cost annually/pupil (student) by the Education Ministry lowered from 2010 until 2013 with almost 16%.

The new low of education adapted in January 2011, imposes allocation from the national budget and the allocated budgets of 6% from the Gross National Product for education. Although is as given a year for the government to assure this allotment, the funding share was postponed successively for 2012, 2013.

Under financing education is accompanied by an important under-financing of research and development domain. In 2010 Romania registered the lowest value from GNP for research and development 0.47% from GNP. The lower allocation for education and research reflects both economic difficulties that Romania confronts and the lower level of awareness of decision makers connected with the added value of these domains to increase competitiveness and offer high quality jobs.

The main for the education and profession system from financing perspective in the future 2020, is represented by insufficient allocation of resources and the difficulties that the state faces to respect the actual legal in connection with the level of expenses as % from GNP 6% for education and 1% for research. This state actually is equivalent to a dependency of education to other sources of financing that can allow both the development of the programs and the start of new politics for the vulnerable categories: children, pupils, students.

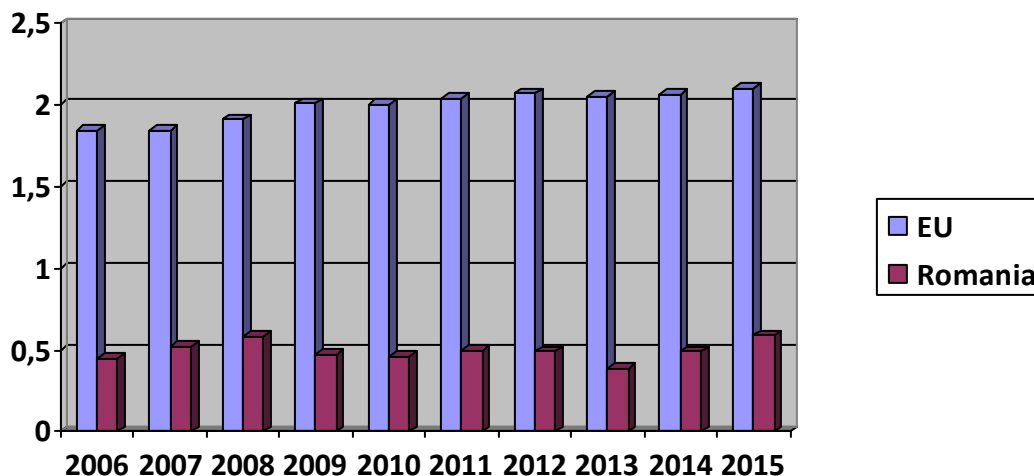


Figure no. 3. Evolution of total expenditure in research and development as a % of GDP

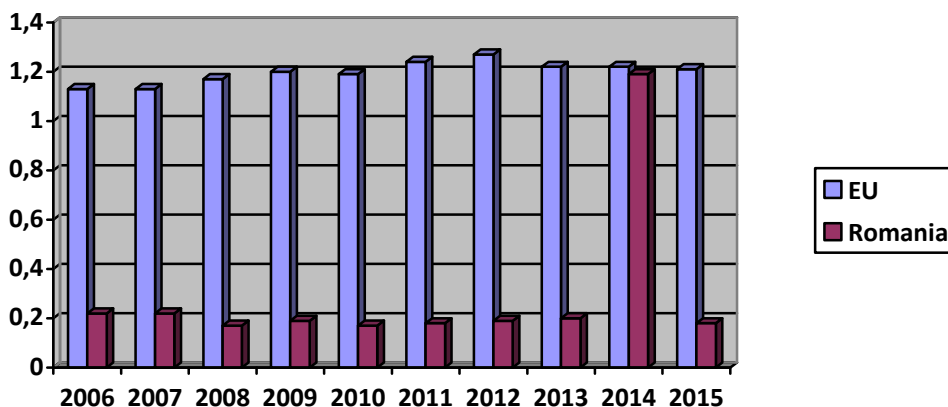


Figure no. 4. The share of GDP spent on R & D in the business sector

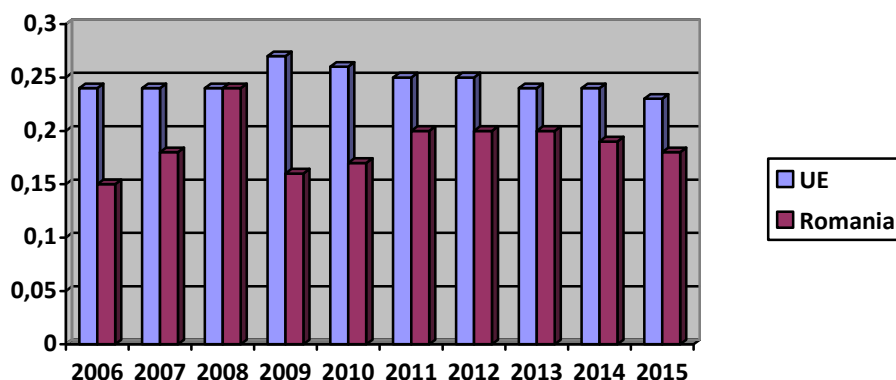


Figure no. 5. The share of GDP spent on research - development in the public sector

According to the data offered by the RSA, the value of research development investment was of 0.49% from GNP (0.30 % GNP-public sources and 0.19% GNP- private sources).

For 2016 the level of investments in research-development, from the national budget estimated by the Ministry of National Education based on data of the preliminary budgetary execution, is of 0.49% from GNP.

To stimulate the growth of private investments in research and development, 1200 projects were financially supported to develop the individual research-development activities.

Conclusions

The funding reform of education represents a component of education reform in general, on one hand, and the reform of financial systems and mechanisms of funding, on the other hand.

Financing education is affected by the dimension of poverty, by the social inequalities, by the institutional constraints. According to this, there are three actual dimensions of the education financing that can be obtained:

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